

**MURRAY CITY MUNICIPAL COUNCIL  
BUDGET & FINANCE COMMITTEE  
FY 2006-2007 BUDGET RECONCILIATION  
May 2, 2006**

The Murray City Municipal Council met as the Budget & Finance Committee on May 2, 2006 at the Murray City Municipal Building, Conference Room # 107.

**Members in Attendance:**

Jeff Dredge	Budget Chairman
Patricia W. Griffiths	Budget Vice Chairman
Krista K. Dunn	Committee Member
Jim Brass	Committee Member
Robert D. Robertson	Committee Member

**Others in Attendance:**

Shannon Huff Jacobs	Council Executive Director
Daniel C. Snarr	Mayor
Pete Fondaco	Police Chief
Gary Merrill	Power General Manager
Craig Burnett	Police Department
Janie Richardson	Power Department
Gil Rodriguez	Fire Chief
Mike Terry	Human Resources
Blaine Haacke	Power Department
David Larsen	MIS
Jan Wells	Mayor's Chief of Staff
Frank Nakamura	City Attorney

Budget Chairman Dredge welcomed all those in attendance and called the meeting to order at 4:00 p.m.

Budget Chairman Dredge said Committee Members have been discussing elements of the budget pertaining to property tax rates and changing in-lieu-of-tax (ILOT) transfers from the enterprise funds to the General Fund. He distributed a copy of a template summary to serve as a discussion guide to distribute funds placed on the contingency list.

A copy of the template summary and the Contingency List are attached to this minute record.

Chairman Dredge said they have talked about essentially lowering the Mayor's recommended property tax increase from 41% to 34%, which would be a reduction in taxes of

\$256,000, approximately, and increasing the Power Fund in-lieu-of-tax transfer using three different ILOT options:

(1) 5.5%; (2) 5.65%; or (3) 5.75%

Also proposed is that the General Fund no longer pays for street lighting and that they add the in-lieu-of-tax transfer at the 8.3%, as with the other departments, for the Storm Water Utility Fund. Referring to the example, using a 5.65% ILOT transfer, all the other numbers remain constant. Removal of the cost of street lights and the in-lieu-of-tax transfer would generate \$898,000 to the General Fund. By subtracting out the \$256,000 from reducing the property taxes it would provide an additional \$642,000 of funds to work with.

Chairman Dredge said before distributing the income needed, it needs to be agreed as to what the in-lieu-of-tax transfer percentage is going to be.

Ms. Dunn suggested they decide on proposed funding needs and then determine how much money is required.

Chairman Dredge said he would like to review line item by line item the projects for which they would like funds. All three of these amounts cover the list. It appears that the difference is what is left for roads at the end.

Chairman Dredge said they are not using the additional roads that are in the Mayor's budget as a balancing factor, this is the incremental revenue.

Mayor Snarr advised that they received new information today regarding roads which could impact the Council's decision making process. In the absence of Doug Hill, Public Service Director, the Mayor took the initiative to inform the Council that it appears that the bids on the roads projected to be built this spring with FY06 revenue are running at about \$75.00 a foot, and they budgeted \$50.00 leaving a shortage on these road projects. The Mayor quantified that it is a few hundred thousand dollars short - and that is on three projects only. Mr. Hill will fill in the details.

Council Chairman Dunn noted that is the number of roads they funded last year.

The Mayor said this has put the City behind that much more and that is just a fact because of the cost of transporting the asphalt, then the asphalt costs more. UDOT has agreed to fund the 5300 South interchange and will contribute \$400,000 to that project. Right now, it is his understanding, that Murray will still contribute \$100,000 - UDOT may just foot the whole bill but that would put them in a precarious position as far as other cities saying, "if you do it for Murray, do it for us".

There was supposed to be a matching fund project, but because a couple of other projects outside of Murray were not ready, Murray was the lucky funding benefactor because it was ready to go. They will do that project this year.

Chairman Dredge asked if the Council needs to factor in another \$100,000. The Mayor said, yes; he does not want to forego an opportunity because that is a four for one match. That would address that 5300 South interchange and it the beautiful gateway into our City we have envisioned. They also found out that in FY 2009 UDOT has budgeted funds to do 4500 South from State Street to the I-15 interchange - that is about a \$35 million project, as well, and will be totally funded by UDOT.

The Mayor said as the Council is looking at the road projects, they need to know that prices are going up another third on top of what Murray projected. The Mayor advised that there are challenges with the Creekview and Julep projects, and he feels they were lucky to get them going and save the City money. Right now, they are finding ways to solve some of the water problems by draining them over to the Big Cottonwood Creek. That project's costs could go beyond what was originally projected.

Doug Hill joined the meeting.

Mr. Hill was asked to quantify project costs. Mr. Hill said they put the budget together a year ago using prevailing costs; obviously, those costs have increased 50%. He said they are now looking at \$75.00 per foot instead of \$50.00 from the same time a year ago. There are a couple of choices: 1) is they can drop projects and, of the three that are left, it would be Fashion Blvd they would drop. He said next week there is the bid opening for the final projects of the year. We will know better about costs after that bid opening. It looks, at this point, that they are going to have to drop Fashion Blvd and re-budget it two years from now because it is not included in this year's budget.

Creekview and Julep are projects they did bid and they had the money to do them. Crews are finding a lot of ground water problems and other things that were not expected, and that project is likely to come in over budget which could impact the remaining road projects.

Mr. Hills said the enhancement grant is a possibility, and they will know if they got that in a week or so. If they do it is likely the matching funds will be over \$100,000.

Gary Merrill, Power General Manager, said he has some new information about the Power Fund, as well. Mr. Merrill said the budget session with the City Council last Wednesday was very instructive to himself and his staff. They went back and reviewed their budget in terms of revenue estimates.

Mr. Merrill pointed out the in-lieu-of-tax transfer is based upon revenues. They could cut

their entire capital budget and it wouldn't increase the transfer to the City. The fact is that they had to look at the in-lieu-of-tax transfers based upon revenues. Since submitting their budget through the Mayor's office they have received three very critical pieces of information. One is that the legislation that has created the current problems for the General Fund, was not passed at the time that they submitted the budget. They had no idea and yet they tried to be pro-active with the 1% increase. Secondly, the UAMPS budget was approved in the March meetings and they received Murray specific costs associated with that approved budget on March 30, 2006. Finally, their third quarter financial and statistical report was finalized on April 21, 2006. Concepts he has discussed with the Power Advisory Board, the Mayor and Don Whetzel and they have a concurrence to the things that he is going to present.

Mr. Merrill said they recognize the needs of the City, just as the City recognized the needs of the Power Fund three to four years ago. He said the Power Department is stronger because of those very difficult decisions that were made back then. The Power Department is now in a financial position to run an analysis that would increase in-lieu-of-tax transfers to 5.7%. He said the ILOT is currently at 2.5%; changing the in-lieu-of-tax transfer from the current 2.5% to 5.7% is conservatively consistent with the American Public Power Association's national average of 5.8%.

Budgeted at \$1.8 million there would be an additional \$1,041,000 over the FY-06 ILOT budget at the current 2.5 %.

This amount is sufficient to also cover the City's cost of the street lighting rate schedule. It is important that they leave that in place because leaving the costs in the revenue picture of the Power Department, the ILOT is then calculated against that and the City gets an additional 5 %, or whatever the in-lieu-of-tax transfer is. It seems like a shuffle of money but in the reality it is no different than metering City Hall or metering other facilities because that is revenue which the in-lieu-of-tax transfer is calculated on. If you unwind the rate schedule it gets buried within the Power Department as merely a cost. By having 5.7 % in-lieu-of-tax transfers it would fund the cost of that revenue stream to the Power Department from City Hall. They would still be fully funded for all O&M accounts, debt service, and the capital improvements budget as originally proposed and endorsed by the Power Advisory Board and Mayor.

Mr. Merrill said they would fully fund all current and essential staff positions; they would still be providing a debt service coverage ratio of 2.19 % which is above the minimum bond requirement of 1.25 %; and, they would continue funding vital reserve build up and rebuild goals.

The way they accomplish that is with an enhancement of their revenue projections so that they are captured in the budget document. This is based upon their current and most recent financial reports. They would raise residential sales with an escalation factor over last years budget from the 3 % they had planned on to 5 %. The reason he is comfortable providing that is

that the Power Fund is currently on course to meet its full budgeted revenue stream for residential and the current fiscal year is running 6 % over last year. A conservative approach would be to increase the estimate of residential revenues to 5 % over last year which provides \$185,600 in additional revenue against which in-lieu-of-tax transfers would be based. The commercial sales are currently running at 4.4 % above last year and are on course to achieve full budget. That also gives him confidence to recommend raising the commercial sales escalation factor from 3 to 4 % and that produces \$185,400.

Mr. Merrill said with those adjustments, they would cut expenses in the following way:

Based upon the information received from UAMPS, the largest piece of the puzzle is power supply costs and they believe that they can distribute amongst a number of sub accounts, a reduction of \$350, 000 which is only 1.8 % of their total power supply costs. They do have the SCA rate mechanism in place, which provides up to \$600,000 of collectible additional income, should it be needed. The hydro plant is producing more energy than it has in nearly half a decade.

The gas prices for the gas turbines has eased enabling more gas turbine operation again, to displace higher priced purchased power. On top of that, as he has said in other meetings, they have a continuous internal budget management, throughout the year which controls costs to match actual revenues with actual expenses. Rather than thinking that just because they have an approved budget they are going to spend all that money. They have demonstrated a commitment for years now of meeting financial commitments and goals based upon the actuals.

Mr. Merrill said he and the Finance Director have discussed the fact that they can increase the estimate of interest on investment revenue, which is a non-operating revenue. The in-lieu-of-tax transfer calculation is on operating revenue but it is important to recognize the increase of about \$100,000 of interest earnings they are currently on course to earn this year.

Mr. Merrill noted that interest rates have gone up and there are more in reserves to earn interest on and that provides 17 % of the funding for principal and interest on their debt service. It provides an offset to the debt costs and would not be something that you would want to apply to taxes. It is actually a non-operating revenue.

They would recommend changing the ILOT formula. It currently states in the City Code, to exclude wholesale power sales revenue. There were reasons they did that in the past but they would propose including wholesale power sales revenue and clearly identifying gains from sale of assets, such as, the Hunter S02 allowance revenue stream as being subject to in-lieu-of-tax transfers. So the new calculation would exclude certain things - funds from prior years, as they have already paid ILOT on those but if we are pulling those out of reserves, such as, to offset the Hunter costs then they are not truly revenue. Refunds, of over collections and margins, from UAMPS and IPA, because again, those are refund of dollars that were used to pay power costs in prior years and they had already paid ILOT on those dollars. They do not budget SCA

collections but if they are necessary they are designed as a direct offset to extreme power supply costs without being further encumbered by an ILOT adder.

**Non-operating income** - Interest earnings on reserves help pay debt service.

In summary, Mr. Merrill said the ILOT budgeted amount would increase to \$1,801,000 which is a \$741,000 increase over the original FY07 budget proposal and it is \$1,041,000 over the FY06 ILOT budget from the Power Department.

Mr. Merrill said they submit these changes for the Council's consideration. It is clearly a path that is more complex than simply looking at budgeted requests and in-lieu-of-tax transfer rates. He and his staff have worked throughout the weekend in a true team effort to stand at the aid of the General Fund and they would ask, in consideration of that effort, to incorporate all of these changes and fund the Power Fund budget as now proposed. He provided a copy of this information to the Council Members.

Chairman Dredge said if Mr. Merrill would increase to 5.7 % of the current ILOT that he has the incremental revenue would be \$681,500. Chairman Dredge asked the Director of Finance if that figure is close.

Mr. Whetzel said the accurate number is \$740,000 based upon the changes the Power Department is proposing.

Mr. Merrill said that is the key, it is not to use the old formula but to acknowledge a revised formula that would then be incorporated into the Municipal Code.

Chairman Dredge said if he was to summarize, he believes that Mr. Merrill would prefer that the Council take more ILOT and leave his budget alone.

Mr. Merrill said, exactly, because it is a cleaner, clearer definition of in-lieu-of-tax transfers rather than necessarily attempting to embed General Fund costs in the power budget, which they used to do years ago; for example, paying for the City float and some of the swimming pool costs.

Ms. Dunn said this is too much to digest in five minutes. Her concern is cutting the power supply costs. If the City ends up using the SCA to cover those cuts she does not think that is acceptable. The idea is to not hit the rate payers but to hit the budget and cut back where possible.

Mr. Merrill said they are not budgeting a SCA, so the budget is balanced and fully funded with projections of both revenue and expense. The SCA is in place for a circumstance that, as defined by very tight thresholds, could be there.

Ms. Dunn asked if the numbers are so close that we are not giving any leeway and that is there good possibility that we would have to kick into the SCA.

Mr. Merrill said no, he does not believe that they are increasing their likelihood of an SCA. He is just saying that it is there as a mechanism that is already in place.

Ms. Dunn asked Mr. Merrill if he is foreseeing that, barring something happening with gas prices or cost of supplying the fuel that we need, we will not have to go to the SCA with this proposal.

Mr. Merrill said that is correct. It is there to use based upon the thresholds; they aren't changing the thresholds and they have used it three months in a row. They collected \$275,000 last year, that was .89 % of their total revenue. It was well within all the thresholds that they set up. The weather is a huge factor and only if there was a major generator failure, such as Hunter would there be any problem. However both Hunter and IPP are going through their spring maintenance outages and the operators of those plants want them to be fully operational as much as we do.

Mr. Merrill said they have called back IPP Power at about \$53.00 a megawatt hour to displace power that they had purchased last year at \$90.00 - \$100.00 per megawatt hour. They have taken very dramatic steps towards avoiding an SCA and he just brought that up as a stopgap, it exists, but we are not interested in ensuring that they have to use it.

Mayor Snarr clarified that there will not be a problem with funding the minimum amount for reserves.

Mr. Merrill said, in fact, with their calculations if all projections were absolutely accurate, they are projecting total reserves will be increased by \$640,000 next year.

Mayor Snarr asked if that includes taking money and putting it aside to capitalize the overhaul.

Mr. Merrill said \$651,000 includes starting the gas turbine overhaul reserve at \$300,000 as they explained in their reserve strategy. That covers the renewal and replacement increase of \$200,000 and it leaves \$151,000 to go into other minimum reserves. On that case, Mr. Merrill and the Director of Finance have discussed streamlining the definitions of reserves and presenting to the Council, for approval, some re-definitions, not necessarily to decrease the minimum reserve amounts but to make it a little bit less complicated.

Mayor Snarr said he knows Mr. Merrill has worked on this they have brought it to the attention of the power advisory board. He still has some concerns about the SCA and having some kind of a catastrophic event occur.

Mr. Merrill said the net was about \$370,000.

Mr. Merrill said there is \$5 million in reserve right now, and they do have a strong reserve position.

Mayor Snarr asked if major bond payments will be made out of the \$5 million.

Mr. Merrill said no.

The Mayor asked if that includes the \$2,400,000.

Mr. Whetzel said that is included in the base budget.

Mr. Merrill said they have their debt service paid for.

Ms. Dunn said the idea is not to budget for catastrophic events it is to put your money into reserves in case those happen. She thinks they did a good job of depositing money, at a higher rate than they even were hoping to get, which is great. She said she thinks a good job was done getting \$650,000 in reserves when they set a minimum of \$500,000.

Ms. Dunn said her concern is, taking in all of this at once. She would almost rather look at the numbers that Budget Chairman Dredge provided to the Council and see how those work out with what Mr. Merrill is saying, and then ask Mr. Merrill to come back to the Council and ask him to adjust this.

Chairman Dredge said if he plugs in the numbers that were given to him, it gives additional cash to fund projects in an approximate amount of \$721,000.

Ms. Dunn clarified at which percentage?

Mr. Dredge said the 5.7 % with the modified calculation of the ILOT, as proposed by Mr. Merrill. He told the Council that is a column that they don't have on his template.

Mr. Brass said does that take into account pulling out the \$134,000 for street lighting because that is included in the ILOT.

Mr. Whetzel said they will have to back that out

Ms. Dunn said she thinks they would be fairly close by going with the 5.75 %.

Mr. Merrill said they are comfortable with that.



Mr. Brass said street lighting is in the 5.75 %, so it is more than 5.75 %.

Ms. Dunn said instead of saying 5.7 %, say 5.75 and then add that \$134,000 into it.

Mr. Brass said what he is trying to figure out is what Mr. Merrill has proposed versus what they have sitting in front of them.

Mr. Merrill said the thing he would say to the Council is to come up with a half percent based on revenues, they have conservatively stretched the revenue projection and cutting their costs does not change the ILOT.

Ms. Dunn said they can give that ILOT back and say cut it where you need to cut it and leave it up to Mr. Merrill to adjust these numbers to fit that.

On a different issue, Ms. Dunn said she still questions, on their capital projects, the need for some of those right now.

Mr. Merrill said it does not change their capital budget.

Ms. Dunn said something could be pulled out.

Mr. Merrill said it would only put additional money into reserve because the ILOT is based on revenue, ahead of expenses. They spent six months developing the budget. The things that are in there are not taken lightly. It is reviewed in detail.

Ms. Dunn said she understands that and appreciates what Mr. Merrill has said at this meeting.

Mr. Brass supposed that what Mr. Merrill is proposing is equivalent to the 5.5 % plus street lighting - it is close to it and actually the 5.5% plus street lighting is a little bit more.

Mr. Merrill said that is correct.

Ms. Dunn said it is equivalent to 5.5 % plus street lighting.

Mr. Merrill said for every \$5,000 of in-lieu-of-tax transfers you are looking for \$100,000 in additional revenue and that is why they caution the Council not to overestimate the revenue any further than what they have already expanded it to.

Ms. Dunn said maybe they need to adjust the ordinance to fit.

Mr. Merrill said it is a financially strong formula to utilize. It has worked well for the

City for years but that is the Council's call.

Mr. Merrill said if the Council will give him a target for in-lieu-of-tax transfers then he will work with his staff, the Finance Department and the Mayor to work that out.

Ms. Dunn said the Committee is not being critical here because they think Mr. Merrill has worked hard on this and they understand that he is trying to help. She is just trying to make numbers meet.

Chairman Dredge said it is within \$17,000 of the 5.5% plus the street lighting.

Mr. Merrill thanked the Council for the opportunity to explain this; he knows it is a lot of information. He would rather have solid backup reference documentation than to make some statements that he can't respond to.

Chairman Dredge said for purposes of this discussion, the first column on his template is probably the one that the Council should reference in terms of what Mr. Merrill is proposing.

Mr. Brass to go to the next column they would have to find another \$55,000.

Chairman Dredge invited additional comments, and suggested they start with expenses and work up to revenues.

### **Contingency List**

**Police Officers** - Three police officers have been placed on the Contingency; there has been a suggestion that the Council fund two. There have been some conversations with the Murray School District Board about a way to fund that third officer which will be discussed with the Police Chief.

Chairman Dredge invited discussion on the funding of the two officers.

Mr. Brass said the citizens' view is that we need more police officers on the street, and the view has been expressed that Murray annexed a significant amount of land area and people and haven't increased the police force staff. They blame that on whatever perceived Senate Bills that may be out there. He feels quite strongly about putting two more police officers in there, and barring any unforeseen complications he would like to keep that number (two) in the budget.

The Council concurred unanimously to fund two police officers.

Ms. Dunn said because it will impact what the Council will do, the discussion with the School Board should be discussed in this meeting.

Chairman Dredge asked Police Chief Fondaco for his feed-back regarding officers at the schools. In talking with them about the School District paying for officers, they just came back saying that their list of things that they pay now is no different than the old list they provided the Council last year. Whatever argument the Council comes up with, the School Board is going to argue that they pay more. In an effort to stop going around in circles they tried to think of alternative suggestions. One of the things that Superintendent Richard Trantor stated was that he did not feel that it was quite as necessary to have a full-time officer at the Junior High School. The Council suggested that they put an officer half time at each of the Junior Highs, whether that is a half day at each school or one whole day alternating but that would in affect give the police department another officer to place on the street.

Superintendent Trantor said he likes that but had to run it by the School Board. They may say that they just want to fund the officer.

Chief Fondaco said he was just informed and a lot of data has already been collected regarding the subject, and for that reason he does not favor that approach. He said those Junior High Police officers also go to the elementary schools that feed the Junior High. In other words, we are already splitting their time. The officer at Riverview is instructed to go to the elementary school that feeds Riverview. The same for Hillcrest. Their time is already split. He said if we eliminate these trips to the feeder schools, then that suggestion could work.

Chairman Dredge said what they talked about was it not being as necessary to have a familiar face going over to the grade schools and, therefore, any officer in the area could suffice as a first responder and cover both those schools, leaving the officers dealing primarily with the Junior High Schools.

Council Members wanted to talk with Chief Fondaco to see how he felt about this and knowing it was an area that the School Board may not argue about. The Council's concern is getting another officer on the street as quickly as possible and if this could be a possible solution.

Chief Fondaco said they funded one officer to go into the Hillcrest Junior High and then the School District pressured them to get an officer at Riverview Junior High. It was actually at the School Board's insistence that they wanted those officers in the junior highs.

Ms. Dunn said everything that has been done for the School District is because the Council wanted to do it.

Chairman Dredge said they made it very clear to the Superintendent that the rules are changing now.

Chief Fondaco said we may find that when you pull that officer and they try to cover with a half/half split that they will come back to the Council and say this isn't working. That may be

the case. If those officers leave the Junior High Schools those principals are on the phone asking where they are. This may work out if the School Board comes back to say a full time officer is needed.

Chairman Dredge said at that point in time the Council could ask them to pay for the officer.

Mr. Brass said they did discuss the phone calls received from principals about the officer's work hours.

Chairman Dredge indicated that a periodic call from the Chief of Police to the schools to communicate and coordinate as to how things are working out could help. It was mentioned that a past officer was coming in at 9:00 a.m. and leaving at 1:00 p.m. to go work on his house.

Chief Fondaco will establish a line of communication with the school officials.

Ms. Dunn said that discussion during budget session about the traffic officers should go to the Mayor and the Chief of Police who can do what they need to do with it

Ms. Dunn said she thinks it is worth looking at and that is to bring one of those traffic officers back to patrol division. She said they ask all of their officers to uphold the law basically and traffic would be included in that. She knows that it might have an impact on our Justice Court but she thinks it is worth looking into. This is merely a suggestion since that is an administrative decision.

Ms. Dunn said there have been many long conversations about the need for patrol officers about the need for detectives and she understands that these traffic officers are in cars and they are helping out with patrol but at the same time the patrol officers are supposed to help out with traffic which they see them doing that all the time, too. It leaves a motorcycle not being used but they can have a backup motorcycle. She wouldn't even suggest selling the motorcycle. She thinks her suggestion might help.

Chief Fondaco said his only concern he would have with that is when they are on motorcycles they have to ride in pairs as required by policy. It is a safety issue that they are riding together, so if you pull one you are basically going to have to pull both.

Ms. Dunn said they are not going to pull any.

Chief Fondaco said if that is the suggestion and the way the Council is looking at this he knows the Mayor and he don't want to be contrary with the Council and if the Council makes a valid suggestion he will work to do it.

Chief Fondaco said if they pull one officer to put in patrol then they will actually have to rotate three officers because you can only ride the motorcycles together. He said that is something to consider.

Ms. Dunn said she would like the Chief to take a look at it. She said the Council does not have any jurisdiction over that but it would be worth looking into if the need really is in patrol and detectives. Chief Fondaco said he knows it has an impact on the Justice Court numbers but hopefully it would not have too much if they have the right priorities in place.

Chief Fondaco informed the Committee that he has posted the position for a new detective and they are equipping the last desk that they have, so whatever happens with the budget, that officer was coming out of patrol and going into detectives. That is a real need and a solution is already in place no matter what happens in July.

Mr. Brass noted that the Police Department budget turns back a fair amount of unspent money every year, and asked if there is currently enough in there to fund an officer?

Chief Fondaco said that decision is for the Finance Director to make. The last time the Chief spoke with the Finance Director he was looking at approximately \$150,000 turned back this year.

Mr. Whetzel said that will be next year.

Ms. Dunn said that means you would have to re-do the budget. The Chief would have to adjust many different accounts to do that but if money is being turned back every year and that pays for another officer she thinks there would be allies in the Council to get a new officer.

The Chief said that the money is distributed over several different accounts that total \$150,000 and would have to be adjusted. The Chief said he does not intentionally try to spend every dollar and if there is money left over in the account, it goes back into the General Fund.

The Committee concurred that they and the citizens appreciate that attitude.

The Chief said if you looked over the history of the budget for the Police Department he thinks it is always right around that figure. Again, he has 150 budgets so you are taking a couple of dollars out of each one.

Ms. Dunn said if you turned back \$150,000 and the Council wanted to take \$90,000 it appears that would be a safe conclusion.

Ms. Dunn made a motion to fund two police officers. Council Member Robertson seconded the motion.

Ms. Heales called the vote:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The motion passed 5/0.

**Red Line Employees.** It has been proposed by Committee members that rather than cut the redline bonus from \$600.00 down to \$200.00, they will cut it down to \$400.00 which would have a total budgetary impact of \$34,000.

Mr. Brass made the motion to accept this recommendation.

Ms. Griffiths seconded the motion.

Ms. Heales called the vote:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The motion passed 5/0

**Bereavement Leave.** Committee members reviewed the suggestion made by the Employees' Association to include five days bereavement leave upon the death of an employee's parents and parents-in-law. Ms. Dunn said if the Mayor wanted to implement the bereavement leave that was proposed by the Employees' Association, the Council would support it. Ms. Dunn said in her discussion with Finance Director Whetzel there is really not a cost to it so it doesn't have anything to do with budget.

**Boys & Girls Club.** Krista Dunn declared a possible conflict and left the room during the discussion of the Murray Boys & Girls Club.

Chairman Dredge said he supports the **Boy's & Girl Club** and additional financial support to support programs that are of benefit to the City. He said that rather than providing services at reduced or no cost, it would be cleaner to simply give the Boys & Girls Club cash if the City is going to help them out. He said he would support an increase over the \$50,000.00.

Ms. Griffiths said this is really difficult for her, as she realizes the value of the services that the Boys & Girls Club provide to our at risk population. In this year when the Council is proposing a property tax increase, with so many of her constituents on fixed incomes, she has a problem with doing that, inasmuch, as it is an outside entity. All of the Council knows the history of when it first began as the Murray City Police Boys Club and what it has evolved into over the years. The City has always treated it like one of ours but in actuality it isn't and in the meantime it has expanded to include other cities and to other facilities. She noted that every year the City allocates the requested amount of CDBG money, and she has a difficult time allocating additional money to fund an outside agency when we are proposing a tax increase, and particularly when so many residents are on fixed incomes, and barely meet the poverty level. Ms. Griffiths said this is a difficult one for her but she is not in favor of increasing that amount.

Mr. Brass said he has given this a lot of thought. One of the questions he asked was the amount of money other cities contribute to the Boys & Girls Club, and he learned that it is substantially more than Murray does.

Mr. Brass said he does view it as Murray's club. The Council has provided CDBG funds for the Boys & Girls Club. He said he can't dispute what Ms. Griffiths said, that we are considering raising taxes but he does view this as a value to the community. Mr. Brass stated his belief that if you don't give kids something to do they are extremely intelligent and creative and they will find things to do, negative as well as positive. In many cases, it may not be things that our neighbors approve of like breaking into cars, breaking into homes, graffiti, etc. He feels that an investment in the Boys & Girls Club is far more cost effective method to prevent juvenile crime than dealing with them on the street through our Police Department the courts and jails.

Mr. Brass related that when he was raising money for schools he always said at the time, it costs \$3,500 a year to educate a student and \$20,000 a year to lock them up. Those numbers have only increased over the years. He would view an investment in the Boys & Girls Club as a way to prevent us having to increase police enforcement later on.

Council Member Robertson said the reason he wanted it included on the Contingency List is because as he looked at what is being contributed to the Boys & Girls Club by other cities Murray is contributing the least. Other cities are doing what we are talking about here. It felt like our Boys & Girls Club is probably affecting our young people as much as any in the area and he felt like Murray needed to be on board as much as the other cities were.

Ms. Griffiths asked if they could review what the other cities are contributing and determine whether or not they have a facility in their city. She understands they charge \$10.00 for a membership and then of course there are a lot of fee waivers for those at poverty level. She guesses it is just a straight fee rather based on the family's income. Maybe we can't direct what they charge for fees. These are things that could be considered.

Chairman Dredge is of a similar thinking and although things have changed it is in essence Murray's Club and Murray's kids that are being served. He is supportive of an increase above the \$50,000. How much that is, is negotiable.

Mr. Brass said he would like to see it increased, too. \$100,000, in addition to the \$50,000 included in the Tentative Budget, is the one part he is having trouble with on top of a 34 % proposed property tax increase among the other things they are asking. Midvale's budget for the Boys & Girls Club is \$144,000, and they do have a facility in Midvale. Murray has a facility. So it doesn't put the \$100,000 that far out of line but maybe they could look at \$75,000.

Chairman Dredge said that is what he was thinking.

Ms. Griffiths said Sandy City is the other one that has a facility and provides \$60,000 plus utilities. How do they do the utilities?

Chairman Dredge said he would entertain a motion to increase the \$50,000 already in the budget.

Council Member Robertson made the motion to increase the amount by \$75,000.

Mr. Brass seconded that motion stipulating the additional increase makes the total budget \$125,000.00

City Recorder, Carol Heales called the vote:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Nay
Mr. Dredge	Aye

Ms. Dunn was not present nor voting.

The motion passed with a 3-1 vote.

Ms. Dunn returned to the budget meeting.

Ms. Griffiths asked where that \$75,000 comes from.

Chairman Dredge said with the additional ILOT there would be \$859,000 more revenue generated. Then if you subtract out \$256,000 which is the difference between the Mayor's proposed 41%, and the Council's suggested 34% it gives approximately \$630,000 of additional revenue. From that they have already taken \$180,000 for the police officers, \$34,000 for the red-



line employee bonus, and an additional \$75,000 for the Boys & Girls Club leaving \$313,000. If nothing different is proposed, it could go toward Murray's road fund which would basically cover the amount under they are short in the budget.

Mr. Brass said it is really close looking at the \$1 million plus number that he saw on roads we are now looking at \$374,000 more money if all bids are 33 % above what they budgeted.

Doug Hill, Public Services Director, said he hopes it stays close - they will never know until they open the bids.

Mayor Snarr said he would work hard to support the decisions made by the Council. He really admires the courage of the Council in standing up for what they believe. The Mayor proposed the 40 % property tax increase because he knew that even with that and even with the Power Fund numbers, they are going to come up on the short end again where roads are concerned. The Mayor said they are getting further behind and, realizing that it is the Council's decision, he would prefer to *bite the bullet* once because he does not want to look a year and one half from now and say there are even more roads on the poor-to- failing list than there were before. He said it will be easy to report to the press how diligently this Council has worked to try and solve the issues. He thanked the Council.

Chairman Dredge thanked the Mayor for the effort he has taken.

Ms. Dunn asked for the number they have remaining for roads after they finish funding. \$314,000 Chairman Dredge said. Ms. Dunn asked if that is with Mr. Merrill's 5.7 %. Mr. Brass said that is using column one, the 5.5%, plus street lighting. His calculated total is \$313,902. Chairman Dredge said that is the exact number. The 5.5% is based on the lower ILOT which is going to be higher than that based on Mr. Merrill's calculating gross revenue a little differently. He thinks they are safe to just deal with the \$314,000 that is sitting there, the other is an unknown at this time.

Ms. Dunn clarified that it is going to be a little higher. Chairman Dredge said it could be a little higher.

Chairman Dredge said they have addressed items 16, 17 & 18 on the Contingency List, and moved to item 19, the Cemetery.

**Cemetery** - Ms. Dunn said she put this item on the Contingency List and will remove it because she talked with Doug Hill, Public Services Director who said it would be okay if they removed it.

Ms. Griffiths said this was placed on Contingency and will need to be voted on.

Ms. Dunn made the motion to remove Item # 19 from the contingency lists. Mr. Brass seconded the motion.

Recorder, Carol Heales, called for the vote:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The Council unanimously approved removing Item 19 from the Contingency List..

Mr. Brass said they have addressed Item 3 through Item 19.

Ms. Dunn said they just need to consider # 1 & # 2. Fire Station and land acquisition.

Ms. Griffiths asked if we alter the amount for the recreation for the Boys & Girls Club.

Chairman Dredge said they added \$75,000 to the existing \$50,000 for the Boys & Girls Club. That was voted on and passed.

Mr. Brass said at this point, for house keeping, he would move that they pull Item 3 through 18 off of the Contingency List because they were going to direct the Power Department to determine where to make their necessary cuts and changes. He does not think they are talking about any of the other in-lieu-of-tax transfers. Mr. Brass made a motion that Item 3 through 18 come off the Contingency List..

Ms. Dunn said before she seconds the motion she asked if they voted on the Item 15 - Storm Water Fund .

Chairman Dredge said they have not voted on that item.

Mr. Brass altered his motion to remove items 3 through 14 and 16, 17 and 18 off the list.

City Recorder, Carol Heales called the vote:

Mr. Robertson	Aye
Mr. Brass	Aye

Ms. Griffiths asked for clarification. Mr. Brass said Storm Water is still on the list and the two fire items [items 1 and 2] are still on the Contingency List. They are taking

everything else off.

Ms. Griffiths advised Mr. Merrill that she has had public comments about the plans to remodel the Power Department offices. Her constituents are asking why are you doing it. She asked Mr. Merrill that he use wisdom and stated that she is not in favor of doing the remodeling of the Power Department offices.

Ms. Dunn asked Ms. Griffiths if she wanted to make a motion even though they have a motion on the floor right now. Mr. Brass said they do not have a second on the motion. It can die for lack of a second. He does not have a problem with that if the Council wants further discussion.

Chairman Dredge said it appear the motion dies for lack of a second.

Ms. Griffiths said she would like to leave # 7 Power Fund - Office Remodel on the Contingency List and remove the rest of the items 3 through 14.

Doug Hill said there is a clarification, City Recorder Carol Heales said they did start the vote. Ms. Griffiths said she will withdraw her motion since it was not valid.

Ms. Griffiths moved to amend the motion to leave Item # 7 - Office remodel- on the Contingency List. Ms. Dunn seconded the motion.

Chairman Dredge said they have a main motion, and a motion to amend the main motion and a second.

Ms. Dunn said they are just discussing the amendment.

Ms. Dunn said she agrees with Ms. Griffiths on this. It goes back to what she has said for seven budget sessions now - every other department puts their want list and their wish list together, the Mayor scrutinizes and things get thrown out, yet that doesn't happen in the Power Department budget. She said she understand why because they have a Power Advisory Board that looks at it before it goes to the Mayor. The Mayor sits in on those meetings, she understands that, but the point is pretty much what is proposed to them they are going to back the department on it. The board trusts Mr. Merrill and that is a good thing.

Ms. Dunn said in Salt Lake they don't have a Power Department, of course, but she talked to the water and sewer people who said their SCADA systems are twenty something years old, Murray talks about (7) years old and replacement at Murray City. We talk about a remodel, she doesn't know if they need it or not, her inclination is generally just to trust the department if they put it on there it is really needed. The question she is always going to come back to is, do we really need it now?

Ms. Griffiths said she does not think they do.

Mr. Brass said his concern has always been that question, “do we need it now?” Mr. Brass said they have department heads and he trusts the people who work there. They also have a Power Advisory Board who reviews those items. Mr. Brass’s personal attitude is, does he think it needs to be remodeled this year, probably not. Could we get another year out of the SCADA system? Absolutely. He concluded saying he has to leave that up to the Power Board and the Power Department.

Mr. Merrill said can support the Council in that.

There is a motion on the table.

Parliamentarian Jacobs said you would leave the remodel on contingency, thereby, not funding the \$150,000 that has already been included in the Mayor’s budget.

City Recorder, Carol Heales called the vote on the amendment to the main motion:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The motion passed unanimously.

Parliamentarian Jacobs said Mr. Brass made a motion which was amended and what is left on the table is removing the items that he said, with the exception of Item 7 - Office Remodel.

Ms. Jacobs said if you want to continue discussion on any of those items [3 through 14] that discussion is germane.

Chairman Dredge asked for any further discussion.

City Recorder, Carol Heales called the vote on the main motion, as amended:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The motion was unanimously.

Chairman Dredge said that now leaves \$463,902.00 in the road fund.

Ms. Dunn said that will go to reserves for the enterprise fund.

Ms. Griffiths said they need to build the road fund.

**Item # 15 Storm Water Fund - ILOT transfer to General Fund.**

Ms. Dunn made motion that the In-Lieu-of-tax transfer for Storm Water Fund be the same as all the other enterprise funds with the exception of the Power Fund at 8.3 %.

Council Member Robertson seconded the motion.

City Recorder, Carol Heales, called for the vote:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The motion was unanimously.

Doug Hill said the Parkway Fund is not set at the 8.3 %.

Mr. Robertson inquired if the Council needed to approve an ordinance setting that.

City Attorney Nakamura said yes, establishing a Storm Water Utility Enterprise Fund

Mr. Whetzel clarified that the Storm Water Budget ILOT was not included in the General Fund Budget.

Mr. Brass said that leaves Item # 1 & 2.

**#1 Fire - Building Station 82 Relocation**

**#2 Fire - Land Acquisition Station 82 and 83**

Ms. Dunn said she recalls the reason they put that on is the \$1 million under Item # 2 - with the additional sales tax revenue that came in FY06, they can remove that from the budget in

terms of using it in the bonding and take the million dollars that they have received this year to do that. So they can remove that from the budget. She inquired if that was correct.

Finance Director Whetzel said that is right - just make it a \$1,500,000 in total. Basically, what they have put together was that the fire station rebuild which is Item # 1 will be funded with the amount of money they have coming in from sales tax and franchise tax in the current fiscal year. They will use fund balance in FY07 for the rebuild of the fire station.

Ms. Dunn made the motion to approve funding of \$1,500,000 as stated by Mr. Whetzel. Mr. Brass seconded the motion.

City Recorder, Carol Heales called the vote:

Mr. Robertson	Aye
Mr. Brass	Aye
Ms. Griffiths	Aye
Ms. Dunn	Aye
Mr. Dredge	Aye

The motion passed unanimously.

Mr. Whetzel said for next fiscal years, because it would be too difficult to do it this year, it is already in the 06/07 budget, both the fire station rebuild and the land are already in there.

Ms. Dunn clarified that the recognized funds are in this years budget, correct?

Mr. Whetzel responded, no, the fund balance that will be transferring to pay for those will be coming in this year but we re-budget for next year.

Chairman Dredge noted that he has had individual discussions with some of the Committee Members, not all of them, so if someone has a different opinion than himself they should feel free to speak up.

Chairman Dredge said the Council is a little bit concerned about the trend toward looking at the hybrid cars and wondered if the incremental cost is worth it. They recognize that there are some qualitative benefits but they are not sure that Murray City needs to lead the nation in setting a good example; they would direct the Mayor to look at smaller vehicles and perhaps even if they are looking at lower cost fuel systems, to look at perhaps conversion to natural gas. He said if they could look at that policy the Council would appreciate that.

Ms. Dunn said her opinion is a little bit different, she agrees with Mr. Dredge in looking at the overall costs. What she would like to see happen, and this should be discussed with the

Mayor, is she would love to see Murray do a study for the next six months targeting what the difference in cost would be from natural gas conversion versus buying hybrids, versus buying smaller cars comparing emissions or whatever you want to look at on it. The Council can look at the overall cost benefit, not just the dollar benefit but the benefit to the community taking all of those things into account. If the Council could look at those types of things and come up with a plan, maybe by mid year, for what they are going to look at in the future. She thinks that is a better message to the people of the City than to just say we are going to go to hybrids.

Mr. Brass agrees, if a car is going to be driven from your place of employment to your home in Murray and back and you spend \$10,000 for a hybrid . He said he doesn't think the City will derive any benefit from it other than maybe decreasing air pollution in a small amount. They certainly won't recover the cost. The point is let's take a look at the usage we getting the use out of those vehicles for the investment.

Ms. Dunn said let's look at all of our fleet and maybe get Fleet Management involved and this may be a bigger undertaking than what can be done. It would be nice to look at all of the cars Murray City has and not just change them out but when it is time to change them out, decide do we really need a pickup truck, do we really need an SUV, do we really need a Crown Victoria, or can they do with a Ford Focus or is it better to stay with the current policy. Could a natural gas conversion be made on some of them or whatever. She said she thinks the Council would trust what the City comes up with. It sure would be nice to go back to the people and say, we have looked at this and these were our findings.

Chairman Dredge said he recommends a consistent policy throughout the City so it is not a by department thing.

Mr. Brass said he would be interested to see what it costs to do a natural gas conversion and if it could be done in house since Murray has the natural gas filling station.

Ms. Griffiths said her concern has been the fuel efficiency with the cost of fuel continuing to escalate and if Murray is using great big pickup trucks or whatever that are not fuel efficient then maybe they need to be examined. If they are need of a specific purpose vehicle on occasion maybe it makes more sense to rent a vehicle for that occasion than to have a great big thing that eats a lot of gas all the time.

Ms. Dunn said individual perception plays into this and the Council hears about it a lot especially when they first started getting those big trucks. If the Council can come back and say, there was a study done and this is what they found. People are a lot more accepting than if they hear, "it was a good price".

Ms. Griffiths said the Council gets a lot of comments from the public and she appreciates them and she listens to them and she responds to all of them. She has been elected to represent

the people.

Chairman Dredge invited further comments.

Finance Director Whetzel summarized: setting the Power ILOT between 5.7 and 5.75 %, setting the property tax increase at approximately 34 % but they will not have that fixed number until they get the certified tax rate, and any funds that are left over will go into road construction.

Chairman Dredge adjourned the meeting at 5:35 p.m.

Carole W. Lee  
Administrative Secretary